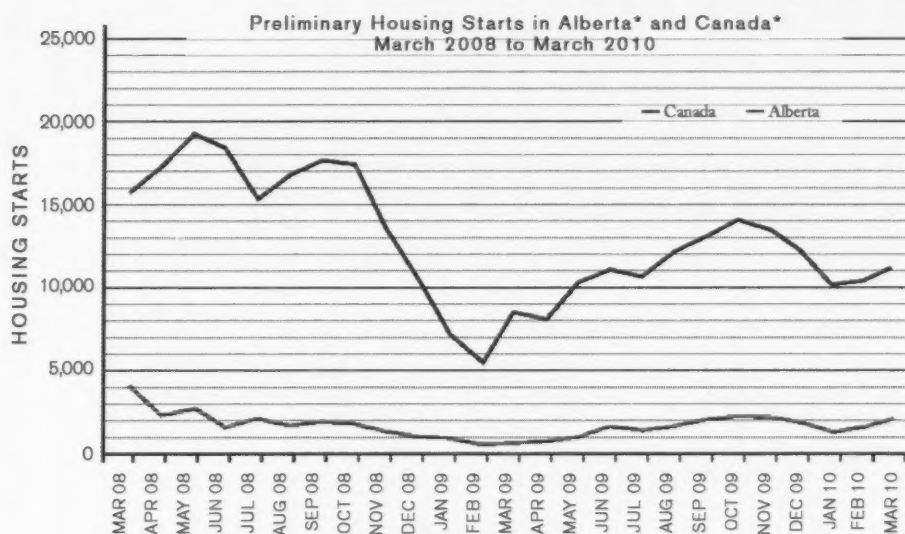


HOUSING BULLETIN MONTHLY REPORT

1

ALBERTA HOUSING STARTS in MARCH 2010 NEARLY TRIPLED COMPARED to LAST SPRING



- Canada's total preliminary housing starts for March 2010 were up 9.7 per cent over February 2010 and up 31.8 per cent over March 2009.
- Alberta's March 2010 preliminary housing starts increased 21.3 per cent over February 2010 and 178.8 per cent over March 2009. According to Canada Mortgage and Housing Corporation, the recent flurry of construction is in response to low inventories and relatively brisk demand.
- Strong annual increases in Calgary, Edmonton, Lethbridge and Red Deer countered year-over-year declines in Wood Buffalo, Grande Prairie and Medicine Hat to contribute to the large gains in March 2010.

- Compared to March 2008 levels, preliminary housing starts were down 53.7 per cent in Alberta and 27.2 per cent in Canada, signalling that recent construction activity remains sustainable and far from pre-recession levels.

* Data reflects centres with a population of 10,000 and over only.

Source: Canada Mortgage and Housing Corporation

ISSUE HIGHLIGHTS

Housing Starts

New home construction ramps up to meet current demand.

Page 2

Absorptions

More new homes being purchased in Alberta

Page 3

Alberta Home Sales

Spring market may be the top for real estate.

Page 4

In 2008, construction activity was unsustainable. The last thing anyone wants is a return to that frenzy

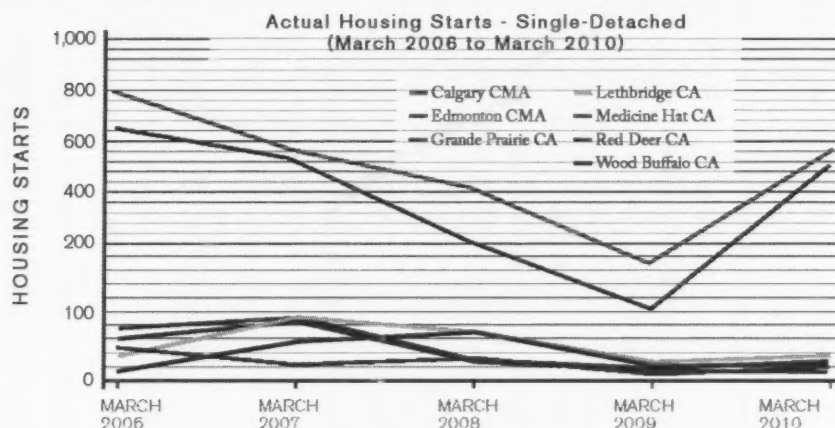
(CANADIAN HOME BUILDERS' ASSOCIATION)

RPORATION) Housing starts are forecasted to surpass 2009 levels, but remain below historical norms due to elevated inventories (CANADA MORTGAGE AND HOUSING CORPORATION). Housing

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MARCH 2010 SINGLE-FAMILY HOUSING STARTS THROUGHOUT MUCH OF the PROVINCE SURPASSED 2008 and 2009 LEVELS

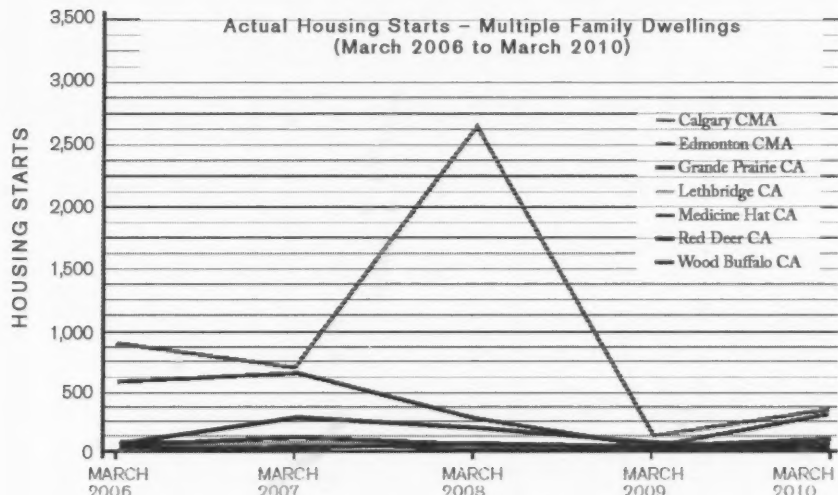


- From March 2009 to March 2010, housing starts for single-detached homes increased by 389 per cent in Edmonton and by 233 per cent in Calgary.

Source: Canada Mortgage and Housing Corporation

- Total single-detached housing starts across Alberta's seven major urban centres increased 232 per cent from 52 in March 2009 to 171 in March 2010.
- Grande Prairie experienced a year-over-year decline in single-detached housing starts for the second consecutive month (-29 per cent). Grande Prairie's economy is heavily dependent on natural resources, namely natural gas and forestry. Demand for new housing is directly impacted by the fluctuations in these two sectors.
- Demand for Canadian wood products from the US housing market has begun to turn around and mills were running at around 95 per cent capacity during the last quarter (West Fraser Timber Co. Ltd).

MULTI-FAMILY STARTS DOUBLED ACROSS ALBERTA from MARCH 2009 to MARCH 2010



- With some Canadian banks having started to raise their mortgage rates and with further increases expected, activity is expected to soften in the months ahead, with levels moving closer to demographic needs (National Bank of Canada).

Source: Canada Mortgage and Housing Corporation

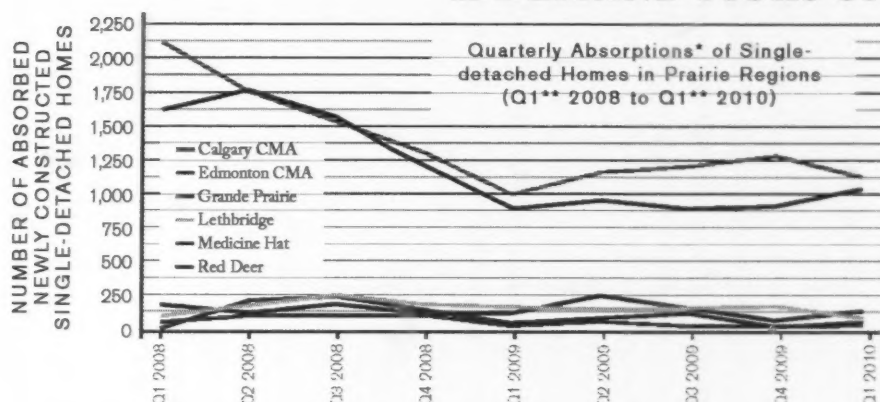
- Multi-family housing starts across Alberta's major seven urban centres in March 2010 were up 212 per cent over March 2009. The largest recovery was in Red Deer where multi-family starts spiked from just 4 in March 2009 to an impressive 101 in March 2010.
- At a regional level, starts on multi-family units varied across Alberta in March 2010, with a notable increase in Edmonton from 30 to 300 starts, which is a 900 per cent increase. During the same period, declines in the multi-family construction sector were noted in Medicine Hat (-96 per cent) and in Wood Buffalo (-59 per cent).
- Grande Prairie also experienced a subtle decline from two multi-family starts in March 2009 to none in March 2010.

ON) According to the President of the Canadian Home Builders' Association, the next quarter is traditionally construction's busiest period of the year, one that "rising interest rates won't likely make a dent in" (CANADIAN HOME BUILDERS' ASSOCIATION) Acc

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SUBTLE INCREASE in ABSORPTIONS ACROSS ALBERTA as DEMAND PICKS UP



- From Q1** 2008 to Q1** 2010, the absorption of newly constructed homes fluctuated along with the rise and fall of the economy and demand for new housing. Absorptions peaked in Q1 2008 with levels as high as 2,099 in Calgary and in Q2 2008 at 1,747 in Edmonton.
- From Q1** 2009 to Q1** 2010, absorptions across the province rose 13.3 per cent, with the largest increases in Edmonton (15.8 per cent) and Calgary (11.5 per cent).
- From Q4** 2009 to Q1** 2010, absorption of newly completed homes increased by 3.2 per cent across Alberta, with the most notable increases in Grande Prairie (72.4 per

cent) and Red Deer (42.9 per cent). Despite the decrease in starts over the past year in Grande Prairie, existing inventory is selling at a faster rate than in other urban areas. The President of Elaborate Homes, a developer in Grande Prairie, suggests the increase may be due to a rising trend in investment by buyers from outside the area in second or third properties. (*Edmonton Journal*, April 17, 2010).

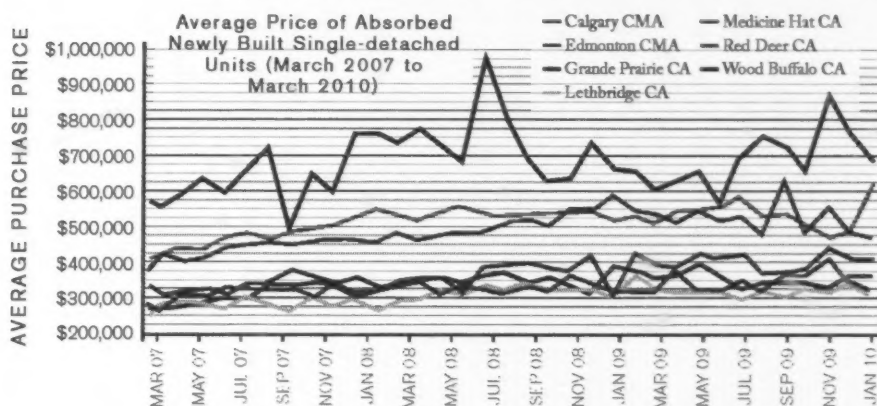
- Lethbridge experienced the largest decline in absorptions from Q4** 2009 to Q1** 2010 (-46.6 per cent).

* The term "absorbed" means a newly built housing unit is no longer on the market. This usually occurs when a binding contract is secured between a builder and a qualified purchaser by a non-refundable deposit.

** Q1 = January to March, Q2 = April to June, Q3 = July to September, Q4 = October to December

Source: Canada Mortgage and Housing Corporation

NEW HOME PRICES SHOW RAPID RECOVERY



- The Canada Mortgage and Housing Corporation (CMHC) measures the average price when a home is purchased and is reflective of market prices at the time of sale, anywhere from six to nine months prior, when construction on the house began.
- The average price of a newly constructed single-detached Edmonton home spiked to a record high of \$632,815 in September 2009 and in Calgary peaked at \$629,846 in January 2010. According to CMHC, there was a very high proportion of new estate homes completed in Calgary in January 2010, which pushed the average price of all new homes up.

- The Wood Buffalo Region saw a dramatic price swing from a high of \$983,050 in July 2008 to a low of \$568,229 in July 2009, a decrease of 42 per cent in one year! This contrast may be due to higher construction costs in northern Alberta along with labour shortages and pent up demand that drove up prices in 2005.
- According to the General Manager of Calgary home builder Sterling Homes, the price of new homes decreased due to savings on construction costs and land. Unfavourable economic conditions improved labour availability, lowered material costs in Alberta, and contributed to the decrease in the price point for a new home. (*Calgary Herald*, March 3, 2010)

Source: Canada Mortgage and Housing Corporation

ECONOMICS) Balanced supply and demand will create a friendlier environment for buyers in the second half of 2010 and into 2011 (TD ECONOMICS). Balanced supply and demand will

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FIGURES FOR MARCH 2010 REVEAL PRICES, LISTINGS and SALES ARE UP! YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN EDMONTON IN THE MONTH OF MARCH

	AVERAGE PRICE			Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year to Date Sales to Listings Ratio
	Single- family Dwelling	Condominium	Duplex / Rowhouse					
Mar 06	\$258,012	\$156,376	\$196,588	31	2,131	2,003	93	87
Mar 07	\$400,521	\$246,262	\$323,957	21	3,102	2,371	76	79
Mar 08	\$389,076	\$261,971	\$321,887	51	4,244	1,566	36	36
Mar 09	\$350,179	\$228,390	\$284,208	56	2,894	1,361	47	40
Mar 10	\$388,473	\$252,416	\$313,836	41	3,728	1,571	42	45

- The average price of a single-family dwelling in Edmonton increased 10.9 per cent from March 2009 to March 2010, nearly reaching March 2008 levels. Prices showed a similar upward trend in the condominium (10.5 per cent) and multi-family (10.4 per cent) sectors.
- While listings were up 29 per cent, sales were also up 15.4 per cent in March 2010, resulting in a 10.6 per cent decrease in the sales to listings ratio over the previous year. Healthy consumer confidence coupled with buyers eager to take advantage of low mortgage rates is fuelling the current demand.

- The average number of days a single-family dwelling sat for sale in Edmonton's market in March 2010 was 41, a decrease of 26.8 per cent from March 2009. Seller activity has boosted inventory and a balance remains between buyers and sellers. Predictions made at the beginning of the year were for a strong first half of the year, and slow second half. So far, Edmonton resale activity is only slightly ahead of last year and behind most other years.
- According to the Realtors' Association of Edmonton, buyers in March 2010 were eager to lock in mortgage rates and buy a home before the more stringent qualification requirements for mortgage lending came into effect in April 2010. They do not, however expect to see a sales slump in Alberta in the second quarter of 2010 as is expected in British Columbia and Ontario following the GST harmonization in those provinces, making home purchases more expensive.

Source: Realtors' Association of Edmonton

CALGARY SALES BOOSTED in ANTICIPATION of RISING RATES YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN CALGARY IN THE MONTH OF MARCH

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market
Mar 07	\$479,914	2,340	3,131	2,272	24	\$312,280	726	1,250	1,026	24
Mar 08	\$474,513	5,957	3,493	1,418	40	\$312,620	2,781	1,561	565	43
Mar 09	\$420,354	4,369	2,023	1,086	48	\$284,056	2,052	903	446	56
Mar 10	\$471,269	4,014	2,988	1,396	33	\$296,660	2,148	1,376	609	39

- The average price for a single-family home in Calgary increased 12.1 per cent from March 2009 to March 2010. The average price of a condominium increased to a lesser degree by 4.4 per cent over this same period.
- March 2010 saw 1,396 single-family homes sold in Calgary, an increase of 28.5 per cent over the previous year. The number of condominiums sold increased 36.5 per cent from 446 in March 2009 to 609 in March 2010.

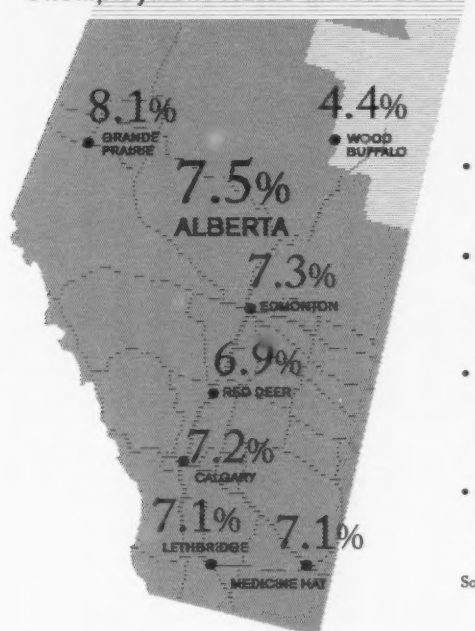
- The average number of days on market for a single-family home fell 31.3 per cent from March 2009 to March 2010, leaning towards a sellers' market. The average number of days on market for a condominium was also down 30.4 per cent from March 2009 to March 2010.
- The President of the Calgary Real Estate Board notes that although recent announcements by major banks to raise mortgage rates are motivating buyers, Calgary's market remains in a healthy position and sales are not outstripping supply. While the Board expects moderate price growth to continue, the rise in listings will likely curb the upward trend.

11, 2010) Nearly two-thirds of consumers think now is a good time to purchase a home according to the latest PriceWaterhouseCooper survey (CALGARY HERALD, APRIL 11, 2010). Nearly two-thirds of cons

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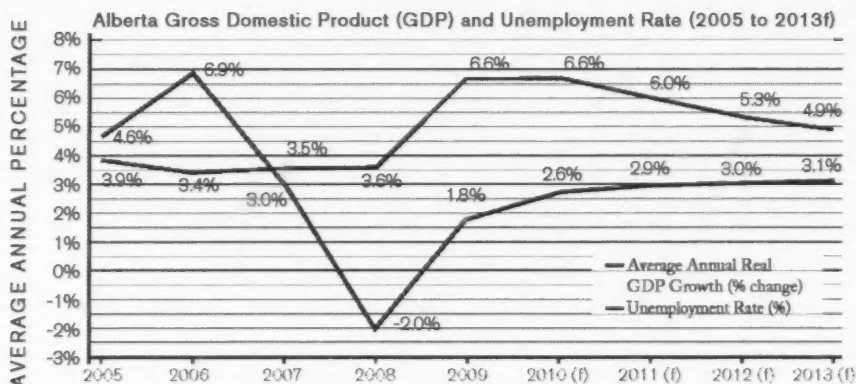
Unemployment Rates March 2010

ALBERTA HITS RECORD
UNEMPLOYMENT RATE
in MARCH 2010

- Despite little change in Alberta's employment in March 2010, the unemployment rate rose 0.6 percentage points to 7.5 per cent, the highest rate since 1996. This represents an increase of 23 per cent over March 2009.
- Statistics Canada attributes the increase in Alberta's unemployment rate to more people entering the workforce who were unable to find immediate work. While the labour force increased by 9,700 people in March 2010, employment decreased by 3,400 jobs from the previous month.
- While Alberta's unemployment rate increased in March 2010, it remains the third lowest in the country behind Saskatchewan (5.1 per cent) and Manitoba (5.2 per cent). The national average (8.2 per cent) for March 2010 remained unchanged from the previous month.
- There were notable year-over-year decreases in the unemployment rate in March 2010 in both the Wood Buffalo (-25.4 per cent) and Banff/Jasper/Rocky Mountain House (-13.2) regions.

Source: Alberta Finance and Enterprise

ALBERTA'S ECONOMY to RECOVER AT A SLOW BUT STEADY PACE



- There is an observed relationship between economic production, or Gross Domestic Product (GDP) and the unemployment rate. In Alberta, the relationship is marked and is evidenced by the spikes in unemployment as GDP falls. The most recent example occurred in 2008 as Alberta's real GDP plummeted and unemployment rates rapidly rose in response. 139,700 individuals were out of work in 2009 in Alberta compared to 74,800 in 2008.
- Historically, Alberta has displayed a rapid recovery from economic downturns. 2009 forecasts indicated that Alberta's economy would be one of the fastest growing in 2010.
- What we are seeing, however, is a more subdued rate of growth in Alberta, with moderate growth in GDP that is nowhere near the 2006 boom period. Unemployment rates are forecasted to continue on a similar trajectory recovering to a forecast of 4.9 per cent by 2013.
- According to Alberta Employment and Immigration, an additional 177,400 jobs will be created over the next 4 years, particularly in the business, building and support services, wholesale trade and retail trade sectors.

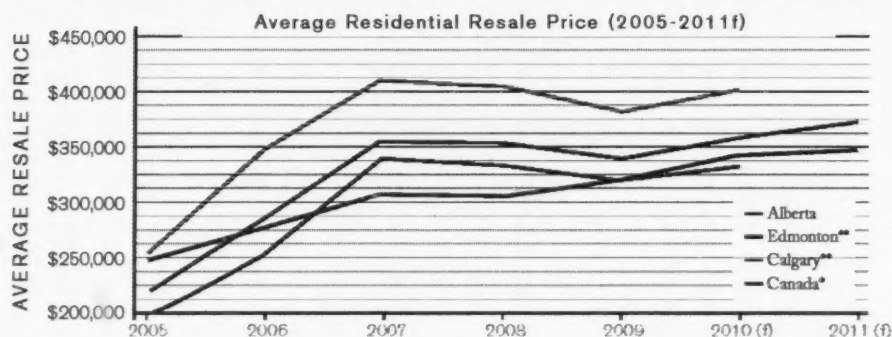
Source: Alberta Finance and Enterprise and Statistics Canada

ANDATA) A recovery in commodity prices will benefit raw-materials-rich western provinces and increasing oil prices will begin to attract workers back to Alberta in 2011 and beyond (CANDATA). A rec

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HOME PRICES STILL AFFORDABLE but EDGING HIGHER

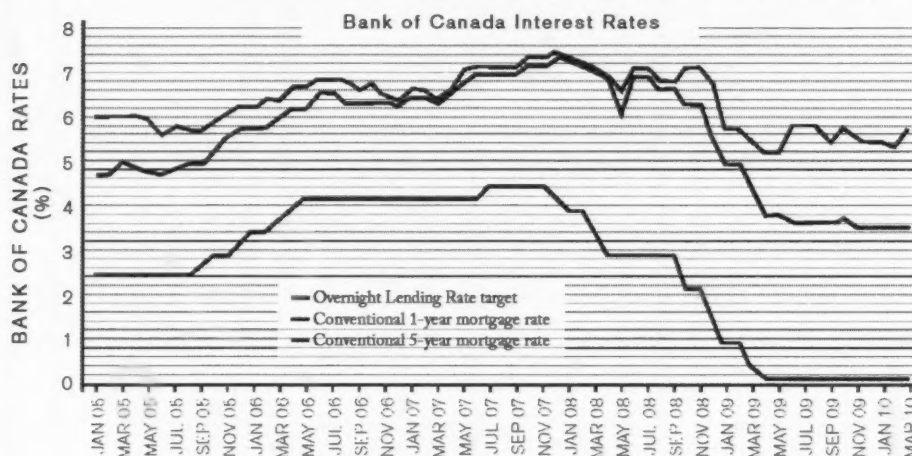


- The average resale price in Alberta rose 63.2 per cent from 2005 to 2007, prompting affordability concerns across the province. From 2007 to 2009, the average resale price across the province fell by 4.2 per cent as the ripple effect of the economic downturn was felt across Alberta's housing market.
- Canada Mortgage and Housing Corporation (CMHC) expects the average home resale price in Alberta to recover by 5.1 per cent in 2010 (\$358,500) and a further 3.9 per cent in 2011 (\$372,500).

- According to CMHC, the average home resale price in Canada fell only 0.7 per cent in 2008 and quickly recovered with a 5 per cent increase in 2009 and is expected to see additional increases of 6.3 per cent in 2010 (\$340,700) and 1.8 per cent in 2011 (\$346,700).
- In Edmonton, the average price of a single-detached home spiked to a record high of \$338,636 in 2007, followed by a 5 per cent drop to \$322,000 in 2009. While CMHC predicts the average price to increase moderately in 2010 to \$333,000, it will still come in below the 2007 peak.
- Calgary saw a more dramatic spike in 2007, with an average price of \$414,066, which then fell 7.2 per cent over the next two years, landing at \$384,500 in 2009. CMHC expects prices in Calgary to rise sharply in 2010 to a forecasted price of \$403,000. This remains well below the 2007 housing and economic boom levels.

Source: Canada Mortgage and Housing Corporation

BANK of CANADA HOLDS INTEREST RATES



- The target for the Overnight Lending Rate is the main tool used by the Bank of Canada to conduct monetary policy. When the Bank changes the target for the Overnight Rate, this change usually affects other interest rates, including mortgage rates and prime rates of commercial banks.
- As of April 19, 2010, the advertised five-year conventional mortgage rate stood at 5.85 per cent. This is up 0.4 per cent from one year earlier, and 0.46 per cent above the Bank of Canada's previous interest rate announcement in March 2010.

- As was widely expected, the Bank of Canada held its benchmark overnight rate steady at 0.25 per cent on April 20, 2010.
- Low mortgage rates will continue to fuel activity in local housing markets for much of 2010. According to the Chief Economist with ATB Financial, although there is certainty that mortgage rates will increase eventually, they are rising from very low levels and will probably not be back at neutral levels until 2011 (Source: *Calgary Herald*, March 3, 2010).

Source: Bank of Canada

STITUTE) Bank of Canada urged to hold overnight rate at 0.25 per cent, with an increase to 1.25 in October and further increase to 2.50 per cent by April 2011 (C.D. HOWE INSTITUTE). Bank of Canada

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